

LAW AND PARLIAMENTARY AFFAIRS SECRETARIAT

NOTIFICATION

No. LAW 23 LCR 1973, Bangalore, dated the 25/26th April 1973

The Governor of Mysore is pleased to order that the accompanying notification under Section 5 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972) transferring the General Insurance Business of the Life Insurance Corporation of India to four Indian Insurance Companies which has been published as S. O. 6 (E) in the **Gazette of India**, Extraordinary, Part II, Section 3, sub-section (ii); dated the 1st January 1973 be republished in the **Mysore Gazette** for general information.

H. SUBBA RAO,

*Under Secretary to Government,
Department of Law and Parliamentary Affairs.*

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(Department of Revenue and Insurance)

NOTIFICATION

New Delhi, the 1st January 1973

S.O. 6 (E)—In exercise of the powers conferred by section 5 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), the Central Government hereby directs that the undertaking of the existing insurer (not being an Indian Insurance company within the meaning of the Act), namely, the Life Insurance Corporation, in so far as it relates to the general insurance business carried on by it, which stands transferred to and vested in the Central

Government on the 1st day of January 1973, being the appointed day under that section, shall, with immediate effect, be transferred to and vested in the four Indian insurance companies hereinafter specified, and the said transfer and vesting shall, without prejudice to the generality of the provisions of section 6 of the Act be given effect to, in such manner and subject to such conditions as hereinunder provided, namely :—

Manner in which and the conditions subject to which the undertaking is transferred and vested

1. New India Assurance Company Limited.

- (1) (a) All liabilities,
- (b) assets equal to the said liabilities, and
- (c) all rights and obligations,

arising out of or relatable to the general insurance business carried on by the Divisions of the Life Insurance Corporation situated in the Western Zone of that Corporation shall stand transferred to and be vested in the New India Assurance Company Limited.

- (2) (a) All liabilities,
- (b) assets equal to the said liabilities, and
- (c) all rights and obligations,

arising out of or relatable to the business of guarantees and of the business of crop insurance carried on by the Central Office of the Life Insurance Corporation shall stand transferred to and be vested in the New India Assurance Company Limited.

2. National Insurance Company Limited.

- (a) All liabilities,
- (b) assets equal to the said liabilities, and
- (c) all rights and obligations,

arising out of or relatable to the general insurance business carried on by the Divisions of the Life Insurance Corporation situated in the Eastern Zone of that Corporation shall stand transferred to and be vested in the National Insurance Company Limited.

3. Oriental Fire and General Insurance Company Limited.

- (a) All liabilities,
- (b) assets equal to the said liabilities, and
- (c) all rights and obligations,

arising out of or relatable to the general insurance business carried on by the Divisions of the Life Insurance Corporation situated in the Northern and Central Zones of that Corporation shall stand transferred to and be vested in the Oriental Fire and General Insurance Company Limited.

4. United India Fire and General Insurance Company Limited.

- (a) All liabilities,
- (b) assets equal to the said liabilities, and
- (c) all rights and obligations,

arising out of or relatable to the general insurance business carried on by the Life Insurance Corporation which are not covered in the preceding paragraphs, including—

- (a) All liabilities,
- (b) assets equal to the said liabilities, and
- (c) all rights and obligations,

arising out of or relatable to the insurance of general insurance business ceded or accepted by that Corporation, shall stand transferred to and be vested in the United India Fire and General Insurance Company Limited.

Explanation.—For the purpose of ascertaining the assets and liabilities of the respective Zones or Offices above

mentioned of the Life Insurance Corporation, which stand transferred to and vested in Indian Insurance Companies under this Notification, the following basis shall be adopted namely :—

PART I

Liabilities.—The liabilities shall be arrived at in the following manner namely :—

- (i) reserves for unexpired risks in respect of each policy at 100 per cent for marine business and 50 per cent for all other business ;
- (ii) the total amount of all other liabilities existing on the appointed day, including all contingent liabilities at values actually provided for in the books of the Life Insurance Corporation.

PART II

Assets.—The assets shall be valued on the following basis, namely :—

- (a) the market value of any land or buildings ;
- (b) the market value of any securities, shares, debentures, bonds and other investments.

Explanation to clause (b) :—

- (i) securities of the Central Government, such as Post Office Certificates and Treasury Savings Deposit Certificates and any other securities or certificates issued or to be issued under the Small Savings Scheme of the Central Government, shall be valued at their encashable value as on the appointed day ;
- (ii) where the market value of any Government security such as the Zamindari Abolition Bonds or other similar security, in respect of which the principal is payable in instalments, is not

ascertainable or is, for any reason, not considered as reflecting the fair value thereof or as otherwise appropriate, the security shall be valued at such an amount as is considered reasonable, having regard to period during which such instalments are payable, the instalments of principal and interest remaining to be paid, the yield of any security issued by the Government to which the security pertains and having the same or approximately the same maturity, and other relevant factors ; .

(iii) where the market value of any security, share, debenture, bond or other investment is not considered reasonable by reason of its having been affected by abnormal factors, the investment may be valued on the basis of its average market value over any reasonable period ;

(iv) where the market value of any security, share, debenture, bond or other investment is not ascertainable, only such value, if any, shall be taken into account as is considered reasonable, having regard to the financial position of the issuing concerns, the dividend paid by it during the preceding five years and other relevant factors ;

(c) the total amount of the premium paid in respect of all leasehold properties, reduced in the case of each such premium by an amount which bears to such premium the same proportion as the expired term of the lease in respect of which such premium shall have been paid bears to the total term of the lease ;

(d) the written down value as per books, or the realisable value, as may be considered reasonable, of all furniture, fixtures and fittings ;

(e) the amount of debts due to the Life Insurance Corporation, whether secured or unsecured, to the extent to which they are reasonably considered to be recoverable ;

(f) the amount of cash, whether in deposit with a bank or otherwise ;

(g) the market or realisable value, as may be appropriate, of other assets appearing on the books of the insurer, no value being allowed for capitalised expenses, such as organisational expenses, losses incurred and similar other items.

[No. F. 64 (32)-Ins. I/72]

A. RAJAGOPALAN,

Officer on Special Duty and Ex-Officio Addl. Secy.